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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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**[ SOUTH KOREA:** President Pak Chong-hui's election victory yesterday assures a continuation of strong central leadership with emphasis on economic development.

The President led his popular opponent Kim Tae-chung by about 1,300,000 votes, according to nearly complete returns. Despite early indications of a close race, Kim carried only Seoul, a traditional opposition stronghold, and his home region, the country's populous southwestern rice-basket. Nevertheless, persistent public suspicion of government vote-tampering is likely to produce opposition charges of fraud, raising the prospect of renewed and possibly more violent student protest.

The relatively low voter turnout, an estimated 80 percent of those eligible compared with about 85 percent in the last two presidential elections, suggests a growing weariness with Pak's leadership. Some voters may have chosen to show opposition to the administration by abstaining and thus avoid the instability they may have feared would follow an opposition victory. Throughout the campaign the government encouraged the belief that the military would not accept Kim as president. Pak, in one of his last acts of the campaign, took to the air to decry the opposition's unfitness to govern and ominously warn that "the ruling party for its part is not prepared to turn over power."

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SOUTH VIETNAM: President Thieu's political decision to exempt civil servants and the military from the income tax has stirred unexpectedly strong opposition.

Labor unions and employees in the private sector have been complaining since Thieu announced his decision in February. Last Saturday some workers in Saigon staged a one-day sitdown strike to demand that they too be exempted from paying income tax.

25X1 [redacted] his action was a political measure designed to ensure the support of the bureaucracy and the army--groups which had been hit hard by inflation--in the election next October. He had not anticipated such a strong reaction from the private sector, however. [redacted]

25X1 [redacted] strikes  
25X1 [redacted] by private sector employees over the tax issue could gain substantial public support.

The income tax has provided only a small percentage of government revenues in the past, and exempting government employees alone would not have much of an effect on revenues. Because domestic tax reform measures had been planned to increase such revenues and to place the tax burden more heavily on the rich, a decision to abolish the tax across the board would be a setback to any movement for reform.

Government officials have met with representatives of the workers and told them that the tax issue is scheduled for debate in the National Assembly. The government reportedly hopes that protests can be calmed and that the passage of tax legislation can be delayed until after the presidential election. If the strikes continue, however, Thieu might again decide that political considerations outweigh economic factors and take steps to conciliate the workers. [redacted]

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INDIA-PAKISTAN: [ Incidents along the India - East Pakistan border appear to be increasing in seriousness.

Yesterday, according to Indian press sources, Pakistani troops raided two Indian villages. In one they killed five persons; in another--an enclave surrounded by Pakistani territory--25 Indians died. Pakistan has not yet released its version of the incidents.

Usually the two countries' reports of such clashes have largely agreed on the seriousness of the incidents, although each always tries to place all blame on the other. The two latest clashes could have resulted from overzealous Pakistani pursuit of refugees crossing into India, or from Indian infiltration into Pakistan. The Pakistanis claim to have wiped out a band of infiltrators--and captured two of them--in another part of East Pakistan.]

The influx of refugees from East Pakistan is also contributing to the strains in Indo-Pakistani relations. According to official Indian estimates, over 600,000 East Bengalis--about half of them Hindus--are now in India. Indian officials are primarily concerned that resources will be overtaxed in coping with problems of disease, food, and housing, and they hope for international help. There is some official Indian concern that the refugees will be exploited by leftist extremists, or that violence may break out between Hindu refugees and local and refugee Moslems.

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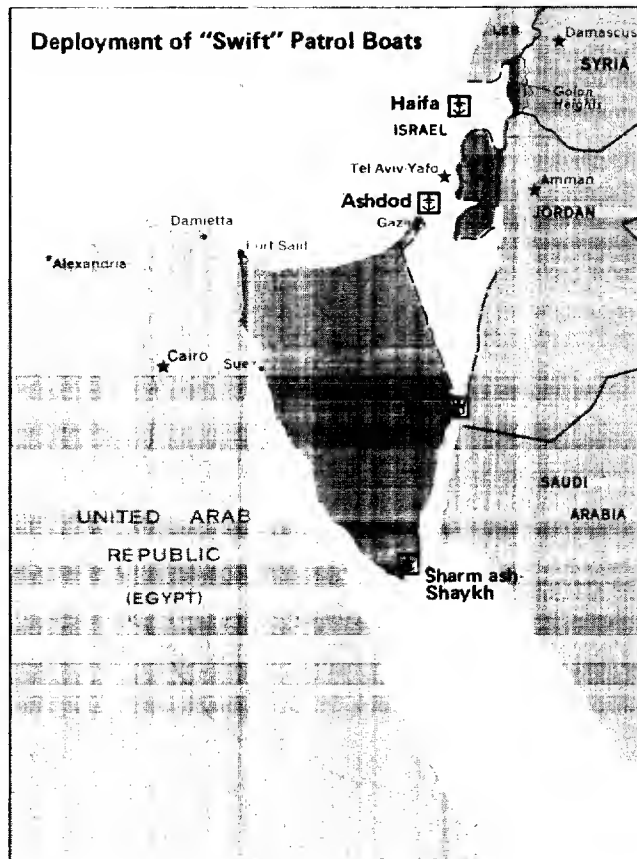
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Israeli  
"Swift" Patrol Boat

Length ..... 60 feet  
Maximum speed ..... 20 knots  
Crew ..... 8  
Armament ..... 3 twin 50-caliber  
machine guns



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ISRAEL: The Israeli Navy continues to expand its coastal patrol capability.

Israel recently received the last two of ten Swift patrol boats purchased in the US. Six of the 60-foot boats are expected to remain in the Mediterranean and the other four are to patrol the Gulf of Aqaba and the Red Sea. Recently, two of the boats assigned to the Navy's Southern Command were seen being transported by truck to the port at Elat.

The Israelis reportedly also have negotiated a deal with the Swift Company for a joint venture that calls for the fitting out in Israel of larger Swift boats produced in the US. These boats are to be equipped with gas turbine engines manufactured in Israel and armed with two Gabriel missiles as well as smaller weapons. In addition to increasing Israel's naval inventory, some of these boats will probably be sold to other countries.

Several years ago, the Israelis purchased 12 small Bertram boats from a Florida shipyard. These 31-foot fiberglass pleasure boats were converted by the Israelis into patrol craft for coastal surveillance, but they are often down for maintenance. The Swift boats, on the other hand, are built to US Navy specifications and will give the Israelis both a greater patrol capability and improved service.

(Map/Photo)

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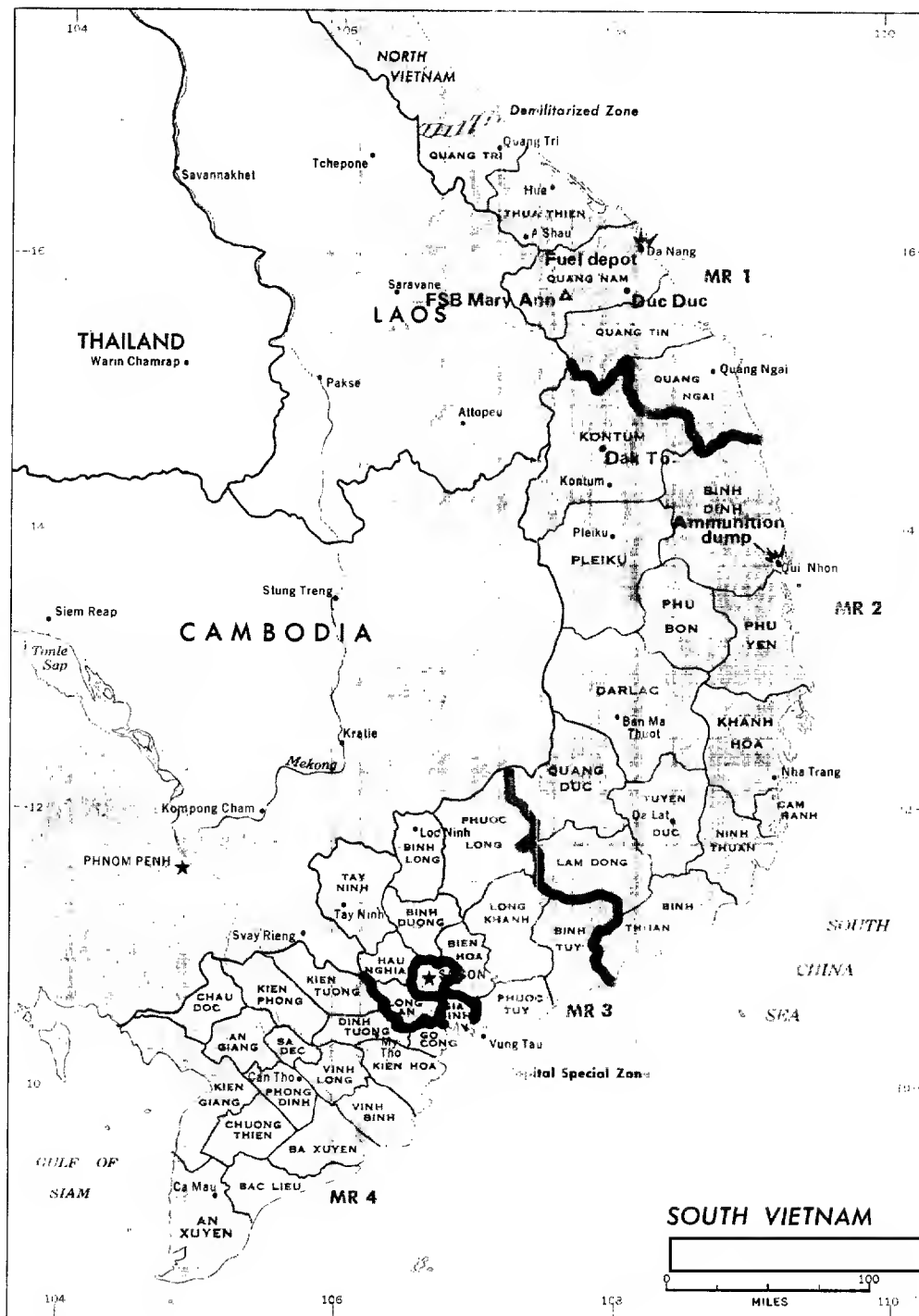
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NOTES

25X1 SOUTH VIETNAM: The current phase of the enemy's spring campaign continues, but has yet to reach the scope and intensity of the late March offensive. Although several shellings have achieved spectacular results--the destruction of an ammunition dump in Qui Nhon and a fuel depot in Da Nang--there have been no large-scale ground attacks similar to the over-running of Duc Duc and Fire Support Base Mary Ann late last month. Furthermore, there is no sustained enemy ground effort similar to the recent action in the Dak To region of western Kontum Province. [redacted] (Map)

\* \* \* \*

25X1 MALAYSIA-SINGAPORE: The prospect of better relations between the two countries has improved as a result of Malaysian Deputy Prime Minister Ismail's visit to Singapore last weekend. Full of praise for the island state's accomplishments in public housing and other fields, Ismail suggested that further consultations on a variety of subjects would help widen the dialogue between the two countries. Although Ismail's trip, which was given warm coverage by the Singapore press, is a good beginning, considerably more spadework will be necessary before the ill will and suspicions that have built up over the years can be dissipated. Among bilateral problems yet to be solved is Singapore's request for expanded water supplies from the southern Malaysian state of Johore. [redacted]

(continued)

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CHILE - EAST GERMANY: Pankow has followed up the establishment of diplomatic relations with Chile last month by sending a 34-man economic mission to Santiago. The group, headed by Deputy Minister of Economic and Technical Cooperation Kattner, will study the development of industries related to minerals, fuels, and chemicals and advise on agricultural matters. The East Germans also will consider the feasibility of joint projects with the Chileans. Although the major purpose of the visit is to enlarge Pankow's presence in Chile, a subsidiary aim probably is to press for observer status at the current meeting in Santiago of the UN's Economic Commission for Latin America. For its part, Bonn has already decided not to extend any new economic aid to Chile.

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